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**ARIZONA CORPORATION COMMISSION**

December 7, 2004 Arizona Corporation Commission

**DOCKETED**

DEC 07 2004

Mr. Ronald D. Standage  
Tonto Village Water Company, Inc.  
P.O. Box 9116  
Mesa, Arizona 85214

DOCKETED BY	<i>AR</i>
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RE: TONTO VILLAGE WATER COMPANY-APPLICATION FOR A RATE INCREASE,  
DOCKET NO. W-01580A-04-0672

**SECOND LETTER OF DEFICIENCY**

Dear Mr. Ronald D. Standage:

In reference to your rate application received on September 16, 2004, and amended on November 22, 2004, this letter is to inform you that your application still has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has found several deficiencies with your application, which are listed on the separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until December 22, 2004, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

The Staff person assigned to your application is Charles R. Myhlhousen. He can be reached at (602) 542-0863, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

James J. Dorf  
Chief, Financial & Regulatory Analysis Section  
Utilities Division

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AZ CORP COMMISSION  
DOCUMENT CONTROL

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CC: Docket Control Center (sixteen copies)  
Lyn Farmer, Hearing Division  
Delbert Smith, Engineering  
Consumer Services  
Legal Division

Tonto Village Water Company, Inc.  
Docket No. W-01580-04-0672  
Test Year Ended December 31, 2003

Listing of Deficiencies (12/07/2004)

1. The company does not have adequate production and storage capacity.
  - The Company should submit a workable correction plan. The Company tried to replace its failing well by installing a new well, but this plan failed so, the Company must come up with an alternative plan.
  - The Company should estimate the cost of its well repair/replacement plan. This plan and cost may have to go through financing review and approval.
2. Page 14. Test Year end Total Column D is not added correctly. Plant item Number 334 is not correctly totaled. Please correct.
3. Page 15. Original Cost Column A is not added correctly because plant item number 334 amount is incorrect. OCLD Column C total will need to have the correct total. Please correct.
4. Page 21. Balance at End of Test Year column total will change when the total for item number 101 in this column is changed. Please correct.